

Message Text

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ACTION PM-04

INFO OCT-01 NEA-10 ISO-00 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 OMB-01 AID-05 TRSE-00 L-03 DODE-00

/053 W

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R 261520Z AUG 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 2258

INFO AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 5965

E.O. 11652: GDS

TAGS: MASS, MARR, SA, US

SUBJECT: PROPOSED WORKING FUND FOR FOREIGN MILITARY SALES

REF: A. STATE 186121 B. JIDDA 5693 C. USMTM 240822Z AUG 75 (NOT AL)

1. EMBASSY AND USMTM CONCUR ON PRESENTATION OF PROPOSED WORKING FUND TO SAG AS SOON AS POSSIBLE.

2. COMMENT: A) ALTHOUGH WORKING FUND CONCEPT CONTAINS AN IMPLICIT REBUKE OF SAG FUNDING MECHANISMS, SAUDIS HAVE ALREADY ACCEPTED SIMILAR FUND WITH ALMOST IDENTICAL WORDING FOR JOINT COMMISSION. THIS JOINT COMMISSION FUNDING IS WORKING WELL.

B. PRESENT FMS REGULATIONS PROHIBIT CASH TO DISBURSEMENTS TO CONTRACTORS UNTIL FUNDS ARE ON DEPOSIT IN THE CUSTOMERS' TRUST FUND ACCOUNT. AS WE UNDERSTAND IT, CHANGE IN THESE REGULATIONS WILL REQUIRE CONGRESSIONAL APPROVAL.

C. THE WORKING FUND SHOULD BE CONSIDERED AN INTERIM SOLUTION TO INCREASE OUR RESPONSIVENESS UNTIL THE SAG CAN STREAMLINE THEIR FINANCIAL ADMINISTRATIVE PROCEDURES.

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D. THE WORKING FUND AS WRITTEN SHOULD HELP OVERCOME THE

PROBLEM OF LATE DELIVERIES AND RESULTANT
PRICE INCREASES.
AKINS

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Message Attributes

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